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HEARING ON "THE SECURITY OF THE NATION'S CARGO AS IT ENTERS UNITED STATES PORTS AND THE METHODS USED BY GOVERNMENT AND THE PRIVATE SECTOR TO COMBAT THE SMUGGLING OF ILLEGAL AND POTENTIALLY DANGEROUS CARGO INTO THE UNITED STATES"

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Good afternoon Chairman Coble, members of the Subcommittee. Thank you for this opportunity to testify and update you on the advancements U.S. Customs and Border Protection (CBP) continues to make in the areas of targeting and inspecting cargo.

Automation, electronic information and technology are critical tools that facilitate the progress we have, and will continue to make, with regards to securing the nation's seaports and the cargo that traverses them. These tools help CBP push our borders outward and reinforce the components of CBP's layered defense.

DHS continues to develop its layered, risk management strategy for safeguarding U.S. borders from threat by land, air and sea. CBP's multi-layered responsibilities under this strategy incorporate legislative and regulatory initiatives, international and trade-organization partnerships, improved automation support, new detection technologies, enhanced personnel training, and a combination of local and national targeting expertise. DHS recognizes that no single solution is 100% effective, so the focus is on layering multiple initiatives and partnerships together to accomplish its mission. Today I would like to focus on the eose CBP activities associated with the targeting and inspection of sea cargo.

- National Strategy for Maritime Security – Policy directive to integrate and align all U.S. Government maritime security programs.
- Trade Act – Legislation that requires advance, detailed, and accurate information for targeting shipments before arrival to the United States.
- Advanced Trade Data Initiative (ATDI) – CBP effort to gather and analyze specific information already available from commercial supply chain participants.
- Smart Box Initiative – Test and Evaluation effort to assess commercially available container security devices.
- Non-Intrusive Inspection Technology – Advanced inspection equipment to screen shipments rapidly for WMD, nuclear or radiological materials, terrorist weapons, and other contraband.
- The Customs – Trade Partnership Against Terrorism (C-TPAT) – A public-private partnership program for securing global supply chains .;
- The Automated Targeting System (ATS) – The premier tool employed by CBP personnel to identify high-risk targets in the cargo environments; targeting rule sets are in production for sea, truck, and rail cargo. CBP anticipates deployment of ATS Air Cargo Targeting during the second quarter of the 2005 calendar year.
- The Container Security Initiative (CSI) – Cooperative arrangements with trading partners to push our borders outward by inspecting high risk containers prior to loading, and;

- The National Targeting Center (NTC) – A single location for targeting technology and subject matter expertise.;

An adversary may circumvent any single defense, so CBP does not rely on any one enforcement method, facilitation program, inspection process, or technology. CBP employs these "layers" in combination to substantially increase the likelihood that potential terrorist threats, including a nuclear or radiological weapon or weapons grade material, will be detected.

Trade Act

CBP is committed to collecting the most reliable data possible. We demonstrate this commitment by establishing a proactive manifest compliance program. The Trade Act requires manifest data to be transmitted to CBP before the arrival of certain shipments to facilitate advance targeting. In the sea cargo environment, manifest data is required 24 hours prior to lading on the vessel overseas. The 24 Hour Manifest Rule, along with proactive monitoring of the manifest data by CBP, is improving the timeliness and quality of the data which, in turn, increases CBP's early detection capabilities. This improvement is key to CBP's targeting success in the sea environment at both domestic and foreign locations.

The scope and reliability of this data is reinforced by the publication of the Trade Act Final Rule on December 5, 2003, that mandates the trade to provide advance electronic cargo information for all modes.

Additionally, when entry information is provided later in the supply chain, ATS is able to factor this information into the risk assessment. Entry data supplements

manifest data, and is some of the most detailed and accurate information available for targeting.

CBP continues enhancing its data quality by testing additional data sources such as booking and stow plan data through our ATDI. We are also collaborating with our Trade Support Network to identify additional data sources that can be effectively and efficiently integrated into our targeting and research process.

Advanced Trade Data Initiative (ATDI)

The goal of the ATDI is to gather and analyze specific information already available from commercial supply chain participants in advance of, and in addition to, the 24-Hour Rule and entry data currently collected.

The ATDI has four ultimate goals:

- Identify the true port of origin and all stops along a shipment's transit to the United States
- Identify all parties associated with the shipment
- Determine the veracity of commodity descriptions
- Improve CBP risk management and targeting

Recently we completed Phase I of the ATDI, which demonstrated the ability to capture, analyze, and evaluate advance trade data provided by consenting U.S. importers via an ocean carrier portal (i.e., ocean carrier data contained in bills of lading,

booking confirmations, and shipment status messages). In Phase II, which runs through April 2005, we plan to add additional data sources.

Smart Box Initiative

In January of 2004, CBP began Phase 1 of the CBP Smart Box Initiative. This initiative, which is one of a number of DHS Research, Development, Testing and Evaluation programs for container security,[1] involves five C-TPAT partners both large and small. These partners have agreed to incorporate enhanced container security measures to evaluate the efficacy of off-the-shelf technologies with an added electronic Container Security Device as well as an International Standards Organization compliant mechanical seal affixed to each container.

Securing containers is essential in achieving DHS's vision of a comprehensive supply chain security program. A terrorist must not be able to open a container in transit to introduce a weapon of mass destruction or other threat without DHS being aware of the attempt.

Results of Phase 1 will further allow CBP to define design and performance standards for the operational use of such technology, an effort we will undertake cooperatively with the Science and Technology Directorate's Container Security Program, including the Advanced Container Security Device (ACSD) program. The Department's goal in the Smart Box Initiative and the ACSD effort is to identify viable and cost effective container security devices that detect tampering and alert government and the trade when tampering does occur so we can initiate appropriate response mechanisms to determine whether a potential threat may have been introduced.

[1] Other efforts include the Advanced Container Security Device program in the Science and Technology Directorate and Operation Safe Commerce in the Office of State and Local Government Coordination and Preparedness.

Non-Intrusive Inspection and Radiation Detection Technologies

Non-Intrusive Inspection Technology (NII) is another cornerstone in our layered strategy. Technologies deployed to our nation's sea, air, and land border Ports of Entry that focus on radiation technology include large-scale X-ray and gamma-imaging systems, as well as a variety of portable and hand-held technologies.

NII technologies are viewed as force multipliers that enable us to screen or examine a larger portion of the stream of commercial traffic while facilitating the flow of legitimate trade, cargo, and passengers.

As of February 2005, 164 large-scale NII systems have been deployed to Ports of Entry. These include Vehicle and Cargo Inspection Systems (VACIS), Mobile VACIS, Rail VACIS, Truck X-ray, Mobile Truck X-ray, Mobile Sea Container Systems, and Pallet Gamma-ray Systems.

As noted above, CBP is also deploying nuclear and radiological detection equipment, including Personal Radiation Detectors (PRD's), Radiation Portal Monitors (RPM's) and Radiation-Isotope Identifiers (RIID's).

- CBP has deployed 441 RPMs nationwide. 54 are deployed to International Mail and Express Consignment Courier Facilities, 215 are deployed to Northern border land crossings, 54 are deployed to seaports, and 118 are deployed to the Southwest border.
- Additionally, CBP has deployed 10,534 PRDs and 418 RIIDs nation-wide.

Used in combination with our layered enforcement strategy, these tools provide CBP with a significant capacity to detect nuclear or radiological materials. Equally as important, NII technology has been instrumental in increasing the number of containers that are inspected by CBP.

CBP is actively engaged in the establishment of the Domestic Nuclear Detection Office, a jointly-staffed, national office established to develop a global nuclear detection system and acquire and support the deployment of the domestic portion of that system to detect and report attempts to import or transport a nuclear device or fissile or radiological material intended for illicit use. This office will integrate the research, development testing and evaluation of next-generation detection capabilities with the acquisition and deployment of these technologies to the field to ensure the most advanced capabilities are being used to protect our borders.

Customs-Trade Partnership Against Terrorism (C-TPAT)

The Customs-Trade Partnership Against Terrorism (C-TPAT) also came into being as a result of events of September 11th. CBP began to work with the trade to protect the global trading network or supply chain voluntarily and cooperatively. It was built upon the successful experience of U.S. Customs in promoting industry partnerships to improve security and deter narcotics smuggling.

The program began in November 2001, working with industry to develop reasonable guidelines that reflected the consensus (at that time) of what good security practices entailed. C-TPAT has provided a forum for the business community and CBP

to exchange anti-terrorism ideas, concepts, and information to further secure the entire supply chain. This has been a learning experience for both industry and government.

Participation in C-TPAT has grown exponentially. In the first year C-TPAT enrolled 1000 members. As of March 10, 2005, C-TPAT membership stands at over 8,800 members, with 4,775 of those being certified partners (approved security profile and vetted by CBP) and 455 having been validated (physical verification by CBP Officers of security measures and practices in place) by CBP. Another 493 validations are underway. Current C-TPAT enrollment sectors include importers, carriers, brokers/freight forwarders / consolidators, marine port authorities and terminal operators, and Mexican foreign manufacturers

CBP seeks to ensure that its partners are honoring their commitments through a validation process. CBP cannot afford to offer the expedited commercial processing benefits that are part of C-TPAT for partners who are not holding up their end of the bargain. As a result, we are now sending specially trained CBP teams of C-TPAT Supply Chain Specialists all over the globe to visit the partners, their vendors, and their plants to verify that these steps have been taken.

C-TPAT is now moving to the next level and will be transitioning from its current set of recommended practices to minimum requirements that participants must meet for membership. As part of this program, CBP will further leverage the role of the importer to extend these supply chain security requirements throughout their supply chains. Specific enhancements to the security of the container, various facility and access

controls, and requirements that business partners of importers adhere to similar requirements are also proposed. Through the natural evolution of the program, C-TPAT will be significantly strengthened, and, when combined with other security layers, will greatly enhance the confidence we have in the security of the oversees component of C-TPAT supply chains.

ATS

The Automated Targeting System (ATS) is a flexible, constantly evolving system that integrates enforcement and commercial databases. It is a targeting tool that helps CBP focus its inspection efforts on high-risk cargo. ATS analyzes electronic data related to individual shipments prior to arrival and ranks them in order of risk, based on the application of algorithms and rules. The scores are divided into thresholds associated with further action by CBP, such as document review and inspection.

CBP works constantly to enhance and refine the ATS. The data that feeds the ATS is substantial, and the scope and reliability of this data is reinforced by the Trade Act Final Rule that mandates advance electronic cargo data inbound and outbound for all modes of transportation.

Although advance manifest data is a major component of what is analyzed, ATS also sorts through intelligence and data contained in Government law enforcement and trade databases. ATS is also able to access and analyze entry data when it is available. Entry data is some of the most detailed and accurate information available for targeting. CBP will continue to look for ways to improve the quality of the data that

feeds the ATS; however, it should be noted that the ATS can detect anomalies in both accurate and false data. Such anomalies are strong indicators of deception.

Although constantly evolving, ATS is a proven targeting tool. Using advance manifest data, CBP has made several seizures overseas under the CSI initiative that included gas masks, tank periscopes and firearms.

Container Security Initiative (CSI)

The Container Security Initiative (CSI) came into being as a direct result of the events of 9-11. CSI is another layer in CBP's defense, the purpose of which is to push our nation's borders outward. 34 CSI ports are currently operational. These 34 operational ports are made up of ports from the original 20 largest ports, shipping the greatest volume of containers to the United States, and expansion ports added after the initial 20 ports were identified. These original 20 ports are points of passage for approximately two-thirds of the containers shipped to the U.S.

CSI fosters greater security via:

- Enhanced targeting through foreign government and trade partnerships and better data;
- Potential Department of Energy (DOE) involvement in radiation detection at overseas ports, and;
- Interdiction of threats before they reach the U.S.;

CSI also uses both automation and advanced inspection technology as force multipliers. For example, CSI has requisitioned Personal Radiation Devices (PRD's) to be deployed

as CSI locations become operational. Additionally, CSI has requisitioned Radio-Isotope Identifier Devices (RIID's) for deployment to operational CSI ports with host country approval.

National Targeting Center (NTC)

The National Targeting Center (NTC) has made significant progress since it began round the clock operations on November 10, 2001 and began the task of re-orienting narcotics based targeting methods and technologies for anti-terrorist and national security concerns. By January of 2003, NTC staff relocated to a state of the art facility in Northern Virginia that accommodates representatives from all CBP legacy disciplines, agriculture, customs, and immigration, as well as personnel from the Office of Border Patrol, the Office of Intelligence, and the Office of Information Technology.

Broadening the scope of CBP targeting, NTC has developed on-site liaison officers from the U.S. Coast Guard, the Transportation Security Administration, Immigration and Customs Enforcement, Federal Air Marshals, Federal Bureau of Investigation, Food and Drug Administration, and the U.S. Department of Agriculture. The NTC has also provided targeting expertise to the Department of Homeland Security Operations Center, the Terrorism Screening Center, and the National Counter-Terrorism Center to support the timely and accurate flow of information pertaining to national security and terrorist activity.

Conclusion

CBP's targeting and inspection programs depend on each other to operate at full potential, and we are constantly looking for ways to make them stronger. CBP works aggressively with trade and government partners to legislate improvements regarding data timeliness and quality, which augments the abilities of highly trained personnel to using cutting edge technology for targeting, detecting and securing terrorists, or implements of terrorism destined to the U.S. Thank you again, Chairman Coble, and the members of the Subcommittee for this opportunity to testify. I would be happy to answer any questions you may have.